Cases pending in Debt Recovery Tribunals

642, PROF. M. SANKARALINGAM: Will the Minister FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Rs.1,53,000 crores are locked up in litigation in various courts including Debt Recovery Tribunals (DRTs) handling non-performing assets of banks and financial Institutions;

(b) if so, what efforts have so far been made by the Ministry of Finance to retrieve the public money so locked up; and

{c) whether Ministry of Finance propose to make any innovative steps to retrieve the public money?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) As on 31 St March, 2002 Rs. 1,03928.91 crores was involved in cases pending !' the Debt Recovery Tribunals (DRTs) and Rs. 600.29 crores in cases pending in the Lok Adalats.

(b) and (c) Government of India and RBI have advised the Banks and Financial Institutions to take several steps for recovery of dues such as evolving and the implementation of recovery policy by banks, compromise settlement through Settlement Advisory Committees and filing of suits in Debt Recovery Tribunals (DRTs).To make the DRTs more effective and to ensure expeditious adjudication and recovery of dues and to remove legal anomalies the Recovery of Debts due to Banks and Financial Institutions Act, 1993 has been amended in 2000. Besides, the 'performance of DRTs is reviewed and regular Inten/als and a mechanism for regular Interaction amongst the DRTs and bankers has been put In place.

Banks have also been advised to use the forum of Lok Adalat for compromise setlements of their NPAs and guidelines have been Issued by RBI in May, 2001 for making increased use of this forum to settle disputes involving outstanding balance in NPA accounts upto Rs. 5 lakhs. The banks have also been advised to participate in Lok Adalats convened by the various DRATs/DRATs for resolving cases involving Rs. 10 lakhs and above to reduce the stock of NPAs.

RBI in July, 2002 had also introduced non-discretionary and non-discriminatory One Time Settlement Scheme for NPAs upto Rs. 5 crore.

Credit Information Bureau has been set up to disseminate information on borrowers to the banks. Corporate Debt Restructuring (CDR) scheme has been put in place to provide a transparent mechanism for restructuring of corporate debts to viable entities facing problems due to internal and external factors. Further, to facilitate foreclosures and enforcement of securities in cases of default and to enable the banks and financial institutions to realize their dues, "The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002" has been promulgated, and its replacement Bill has been passed by the Lok Sabha on 21 si November, 2002.

Cancellation of Licences of Co-operative Banlts

643. SHRIAIMADUDDIN AHMED KHAN (DURRU): Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state;

(a) whether RBI has cancelled licences of some Co-operative Banks this year;

(b) if so, the details thereof indicating the grounds for their cancellation;

(c) whether any such licences were cancelled during 2000-2001 and 2001-2002;

(d) if so, the details thereof; and

(e) the guidelines for opening and functioning of such banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS {SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) has reported that it has cancelled/rejected the licences/licence applications of 25 Urban Co-operative Banks (UCBs) and 1 District Central Co-operative Bank (DCCB) during the year 2002-2003. RBI conducts periodic inspection/scrutiny of the books of accounts of UCBs under Section 35 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). The grounds on which the licence of these banks had been cancelled include non-maintenance of minimum paid-up capital and reserves, banks being not in a position to pay its present or future depositors in full, conduct of the affairs of the bank in a manner detrimental to the interests of its depositors, the general character of the bank being prejudicial to the interest of the public/depositors, etc.